

EXHIBIT E



1111 Louisiana, 25th Floor
Houston, Texas 77002-5242
www.howrey.com

John R. Keville
Partner

T 713.787.1559

F 713.787.1440

kevillej@howrey.com

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Via Facsimile and First Class Mail

Neal Massand, Esq.
GODWIN PAPPAS LANGLEY RONQUILLO, LLP
Renaissance Tower
1201 Elm Street, Suite 1700
Dallas, Texas 75270-2084

Re: *Halliburton Energy Services, Inc. v. M-I, LLC*,
United States District Court for the Eastern District of Texas

Dear Neal:

In response to your letter regarding the parties' claim construction positions of the several disputed chemical terms, we make the following comments:

esters: if Halliburton takes the phrase "usually formed by the reaction between an acid and an alcohol with elimination of water" out of the proposed definition, we will accept Halliburton's proposed definition – this portion of the definition is technically incorrect, in that there are several other ways to make ester compounds and several factors in such a reaction that are not mentioned in what Halliburton terms the "usual" way, and is inconsistent with the specification

olefins: if Halliburton takes the word "linear" out of the proposed definition, we will accept Halliburton's proposed definition

mineral oil hydrocarbons: if Halliburton takes the phrase "for use in blends comprising invert emulsions" out of the proposed definition, we will accept Halliburton's proposed definition

Although we think M-I's proposed definitions are at least in some aspects more precise, we do not think the differences are relevant to the issues in this litigation and thus can adopt the definitions proposed by Halliburton with the above-listed changes. For the same reasons, we can accept Halliburton's proposed definition for the terms paraffin, glyceride triesters, and naphthenic hydrocarbons.

I also believe that we may be able to reach agreement on other disputed terms, and that it would be helpful to do so in view of the 88 asserted claims that need to be addressed in this case. Therefore, regarding the term "continuous base," we are willing to adopt Halliburton's proposed construction.

Regarding the term, "invert emulsion base," it is unclear what the phrase "and constitutes the continuous phase" appends to in the definition. We propose the following modification to Halliburton's construction (with proposed changes underlined): "an invert emulsion base is two

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Neal Massand, Esq.

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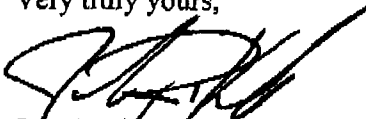
or more fluids wherein one of said fluids is an oil and the invert emulsion base constitutes the continuous phase of an invert emulsion."

Regarding the term "ECDs" we suggest a compromise construction (with proposed changes to Halliburton's construction underlined) which would state "the differences in the drilling fluid's measured surface density at the wellhead and the drilling fluid's equivalent circulating densities downhole."

Regarding the term "less than about 0.5," we suggest that we agree this claim term has a plain meaning that requires no definition.

We make these suggestions in an effort to simplify the issues for the Markman briefing and hearing. Feel free to call me at (713) 787-1559 if you wish to discuss these positions further.

Very truly yours,



John R. Keville

cc: Monte Bond., Esq.

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1111 LOUISIANA, 25TH FLOOR
HOUSTON, TEXAS 77002-5242
PHONE: 713.787.1400 • FAX: 713.787.1440

FACSIMILE COVER SHEET

DATE: March 10, 2006

TO: **NAME:** Neal Massand, Esq. and Monte Bond, Esq.
COMPANY: GODWIN PAPPAS LANGLEY RONQUILLO, LLP
FAX NUMBER: 214 760 7332 **PHONE NUMBER:** 214 939 4400
CITY: Dallas, TX

FROM: **NAME:** John R. Keville, Esq.
DIRECT DIAL NUMBER: 713.787.1559 **USER ID:** 5261

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